

HealthFirst Connecticut Authority

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Meeting Summary

Wednesday, December 12th, 2007

8:00 AM in Room 1D of the LOB

The Following Members were present: Tom Swan, Margret Flinter, David Benfer, Brian Grissler, Mickey Herbert, Lenny Winkler, J. Robert Galvin, Teresa Younger, Fernando Betancourt, Mary Ann Handley

Also present were: David Krause representing Nancy Wyman, Mary Alice Lee representing Sharon Langer, Michael P. Starkowski, Kevin Lembo, Thomas R. Sullivan

The following members were absent: Louis Lista, Sal Luciano, Michael Fedelee, , Frank Sykes

Tom Swan convened the meeting at 8:10 AM

Margret Flinter introduced Robert Patricelli, Chairman and CEO of Women's Health USA.

Robert Patricelli explained that the report of the Connecticut Health Insurance Policy Council was intended to address the issue of expanding health insurance to everyone and how the state should deliver comprehensive insurance. The Council members agreed that the public and private sector must be involved in this reform. The Council found that most people in Connecticut are insured, and two thirds of those who are insured are done so through employer sponsored insurance. Another 25 % are ensured principally by Medicaid and Medicare. Approximately nine percent or 300,000 of Connecticut residents are uninsured all year.

Information was collected on the uninsured:

- 18% are below the federal poverty line (FPL)
- 16% are over 500% of the FPL
- The working poor, between 100% and 300% of the FPL make up the majority of the uninsured

- The problem of the uninsured is not necessarily a problem of the poorest of the poor but of the low income working poor more than any other group.
- 22% are eligible for Medicaid but not enrolled, most of whom are children under the age of 18
- Two thirds have working family member, but do not have access to employer sponsored insurance, part time workers are a significant percentage of the population that does not have employer sponsored insurance
- Around 40,000 declined participation in employer sponsored insurance
- Over half of uninsured workers are in small firms
- 25% of the uninsured workers are in firms with over 1000 employees
- The largest group of uninsured are between 19 and 34
- Only 18% are under age 18.
- A substantial portion of uninsured are non-white, Hispanic or other (the Luen Group's estimate was 34% but the OHCA estimate was higher).

Robert Patricelli informed the HealthFirst Authority of the Connecticut Health Insurance Policy Council's targets based on the aforementioned information. In descending order of importance they focused on the working poor, those eligible for HUSKY, small businesses, part time workers, and young adults.

Robert Patricelli reported that the second problem the Connecticut Health Insurance Policy Council approached was the problem of high cost of health insurance and there are issues of quality when it comes to healthcare. Connecticut is one of the most expensive states in terms of health care costs, which has an impact on job development. It was important to look at the areas where we were falling behind nation wide. We are second worst in the nation in terms of cost of insurance premiums. We are third highest in terms of the number of mandated benefits among the states, we are sixth highest in terms of hospitals daily costs, second highest in Medicaid costs, we are highest in nursing home costs, and third in medical malpractice claims paid.

On issues of quality, Connecticut is not a leader in the development of data and technology infrastructure to measure and manage cost and quality. Secondly, Connecticut has significant issues in terms of provider participation in HUSKY. Access to providers is the hidden issue behind the issue of access to HUSKY. The final issue is that of health status. Aetna has found that 75% of health care spending is on diseases that come from an unhealthy lifestyle. About 30% of our population smokes or is obese.

Robert Patricelli commented on goals of health care reform. The HealthFirst Authority must describe the goals the members have or it will be exceedingly difficult to make effective change. The Connecticut Health Insurance Policy Council picked several goals:

- 1.) To be the healthiest state by 2020, and to be lowest in terms of smoking and obesity in five years
- 2.) To set a date by which our health insurance costs will be below the national average
- 3.) To work aggressively and incrementally to cut the number of uninsured in half in three years and move towards 100% coverage over a longer period of time

The Connecticut Health Insurance Policy Council also concluded that companies would need to move forward to cover their low wage workers and part time workers. We also came to the conclusion that all employers and insurers have to be more aggressive in deploying the techniques that work in terms of benefit plan design, cost management and wellness incentives. We came to the conclusion that public plans need to emulate these values. An analysis of cost and coverage suggested that for less than 200 million dollars you could attack all of these problems and could cut the ranks of the uninsured by about half in three years.

Robert Patricelli cautioned the Authority to pay attention to changes that may occur on the federal level and to attempt to make changes on the state level that will not conflict with potential federal changes. He did suggest that attention and changes be made to:

- 1.) Areas where the state is out of line in relation to other states,
- 2.) The intersection of private insurance and Medicaid,
- 3.) Marketing affordable insurance to the working poor,
- 4.) Solving the issue of providers not participating fully in Medicaid,
- 5.) Health status across the public and private sector.

Robert Patricelli closed his remarks advising the HealthFirst Authority to approach the issue of health care reform incrementally.

Commissioner Starkowski asked about employer sponsored insurance and noticed a growing trend of some of the very small employers where the employers will offer a salary adjustment to the individual if they will not pick up the employer sponsored insurance.

Robert Patricelli did think the state should facilitate mechanisms by which struggling small employers could offer “vouchers,” to their employees if they did not have the funding to cover their insurance.

Commissioner Starkowski informed Robert Patricelli that there is work being done on a premium assistance program which was authorized in the last legislative session. Additionally, \$123 million was added to provider rates to increase participation of providers. Commissioner Starkowski asked if anyone measured the access to a specialist, and is there a standard for that in the commercial world.

Robert Patricelli organized provider groups know if they are seeing Medicaid patients, and whether or not their providers are open to new Medicaid patients.

Senator Handley noticed in his report that Robert Patricelli is accepting as a given that employer sponsored insurance will be utilized in the future. Senator Handley mentioned that the small business employers in her district seem to want to get out of the insurance business as employers. She asked Robert Patricelli if this was an issue that had been discussed by Connecticut Health Insurance Policy Council.

Robert Patricelli responded Connecticut Health Insurance Policy Council did understand that this was an issue but felt that pursuing employer sponsored insurance should be the way forward for several reasons. It would be the least disruptive; the private sector has the better track record on technology to improve cost effectiveness and quality; if we move more to our government finance programs then what our

providers are paid become a casualty of every year's budget process. This would create huge swings in provider participation.

Senator Handley asked if that reflected his own opinion or if that was the consensus of the Connecticut Health Insurance Policy Council.

Robert Patricelli felt that was the consensus of the Council.

David Benfer encouraged Robert to include court reform in his personal suggestions, because it is a significant influence on all of the provider family. Second, the affordability of insurance in terms of high co-pays and deductibles causes the insured population to act much like the uninsured population. Was that issue investigated?

Robert Patricelli responded that he was aware of the issue of higher deductibles but there was evidence that even in the face of higher deductibles, health care spending and access to health are positively affected. We believe that individual responsibility is very important, and this issue may be one where the providers have to look towards the carriers to solve this problem.

Tom Swan thanked Robert Patricelli for his presentation and said he would be interested to speak with him in the future about the income breakout for the numbers of uninsured and also the administrative costs.

Robert Patricelli said that provider administrative costs need to come down. Those costs are described as anywhere from 15% to 30% of the insurance system depending on whether or not you included elements of provider costs. They can be reduced without a single payer system if the public and private actors will simply streamline their administrative system.

Tom Swan introduced Mark Bertolini, the president of Aetna.

Mark Bertolini suggested that health care reform would occur at the state level. He predicted that states would be the laboratory for change when dealing with the national issue of health care reform. Aetna urges Connecticut to move forward with health care reforms because all other states are doing the same. Aetna believes that the single biggest threat to the financial security of every American will be their health status going forward. Business leadership and thought leadership need to go hand in hand if we intend to solve health insurance issues in this country. We have come out as a business to suggest that there should be an individual coverage requirement. We believe a public private partnership is necessary moving forward. There is 30% waste in the health care system today because of redundancy and poor care. There are several common features among state health care proposals:

- 1.) We believe every American must have insurance and without insurance the prices are only driven higher.
- 2.) We believe that premium subsidies are appropriate but they must be portable. This way people in the Medicaid program who get a job could take some of that money with them. We do not support an employer mandate, that would be an extraordinarily large burden on employers.
- 3.) An employer tax credit should be encouraged. Medicaid and HUSKY expansion should be a good thing for the state.

- 4.) High risk pools are made for those benefits where people cannot get coverage easily.
- 5.) Guaranteed issue can and will work if everyone is insured.
- 6.) Minimum medical cost ratio requirements have reached about 85% in most states. However, administration of this can be extremely difficult.
- 7.) A facilitator should create this market. That facilitator should probably be a governmental organization.

Mark Bertolini said what we are really talking about is insurance reform and mentioned Aetna's five core beliefs:

- 1.) Every American should have access to affordable, quality health care.
- 2.) Transforming health care requires a public and private partnership.
- 3.) Universal coverage requires universal participation.
- 4.) Health care reform should be built upon strengths and successes achieved in a competitive marketplace.
- 5.) Consumers must be empowered with information technological tools that allow them to make the decisions.

Mark Bertolini reported 75% of our health care costs are driven by chronic illnesses. 33% of the American population has a chronic illness and that will increase to 50% by 2030. Unless we can do something about unhealthy lifestyles then we are only financing a train wreck. We must transform health insurance into a civic responsibility. 15.7% of Connecticut uninsured are in households at 500% of the Federal Poverty Level (FPL). Those people must buy into the insurance pool. He also suggested that students be mandated to have health insurance.

Mark Bertolini asked the Authority to look into technology that would make the exchange of health information easier, more transparent and more efficient.

Margret Flinter mentioned the extensive provider network that Mark Bertolini had set up and yet the participation in public programs is fairly spotty. She asked if he had any comment on this issue.

Mark Bertolini responded that he is looking to become more helpful in Connecticut and they he doesn't normally use Medicaid reimbursement or a fee schedules for programs so there is an investigation into how that would work but there is an effort to become more helpful.

Senator Handley mentioned the 50 to 65 year olds who have lost insurance as a group she was interested in. This is a group of people who generally wanted insurance but it is also very expensive to care for this age group.

Mark Bertolini said a policy in New Jersey may cost \$1000 a month while in nearby Pennsylvania the same policy would cost \$250 to \$300 a month. He said that the program that is being initiated with AARP should be successful in the 39 states that it will exist in. Connecticut is included in that group of states.

Senator Handley had concerns that two to three hundred dollars for an older person still may be unaffordable. She asked if he had any thoughts about this concern.

Mark Bertolini responded that he had considered that issue and felt that there should be a public/private subsidy and government subsidies will only increase over the next few years and that should help ease the burden of paying for insurance on that group. After bringing students and people over 500% of the FPL into the insurance pool, then we can more easily bring 50 to 65 year olds into the insurance pool as well.

Commissioner Sullivan mentioned the sharing of information as a priority of Mark Bertolini's and the Commissioner wondered how easy it would be to address this issue.

Mark Bertolini responded that the internet is a very capable and available vehicle of information. We can, using the internet today create a virtual private system that allows us to move information around. The second most important issue is standard-setting. This process is relatively easy. This allows people to move from one provider to another and bring their health history with them.

Tom Swan asked for approval of the meeting summaries of the previous two meetings.

The meeting summaries were approved.

Margret Flinter provided a list of potential members of the cost containment and finance workgroup and the quality access and safety workgroup. She told the committee it is a working list and a long list of names, and is subject to change.

Tom Swan asked for a motion to approve the initial recommendations for workgroup membership as revised by the Authority.

The motion was made and seconded.

The motion was passed without objection.

Margret Flinter announced progress with regard to identifying an administrator for the HealthFirst Authority and the financial resources that would be necessary.

Mickey Herbert raised concerns that members of the Authority were absent at meetings and if that continues they should be replaced.

Margret Flinter informed Mickey Herbert that in the legislation that created the HealthFirst Authority also included a clause that mandates that three absences from Authority meetings would result in that individual being dropped from the membership list.

Tom Swan outlined his expectations of the Authority moving forward and mentioned data collection, presentations, and the progress of workgroups.

The meeting was adjourned at 9:54 AM.